


Quick Reaction

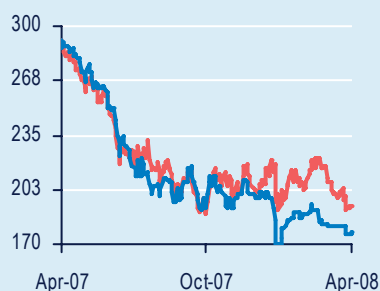
Buy **178p**

Potential upside **52%**

Target price **270p**

Market cap £46.9m
 12m high / low 292p/170p
 Average daily volume (000s) 45
 Sector Support Services
 Index FTSE AIM
 RIC / Bloomberg LOK.L / LOK.LN
 Implications for forecasts 

Share price performance



	1m	3m	12m
Price	(2.5)	4.4	(35.6)
Rel. All Share	(8.3)	0.8	(30.1)
Rel. Sector (not shown)	(1.4)	2.8	(14.4)

Source: JCF Group

Lok'nStore Group

Continued good progress

Lok'nStore has reported a reassuring set of interims highlighting good progress and a positive outlook. Like for like sales were up 13% (operating profit 36%). Management has commented that the group has not experienced the turbulence seen in much of the property and financial markets. Enquiries picked up noticeably in recent weeks and we retain our view that the shares are a very good play on the structural growth in UK self storage.

Key Forecasts

Year end: 31 July	2007	2008E	2009E
Turnover (£m)	10.7	10.8	11.7
PBT (normalised) (£m)	0.6	(0.4)	(0.2)
EPS (norm, continuing) - FD (p)	2.4	(1.4)	(0.6)
DPS (p)	0.67	1.06	1.11
PE (normalised) (x)	72.9	n/a	n/a
EV/EBITDA (x)	26.8	25.8	20.5
FCF yield (%)	(13.0)	(36.4)	(9.1)
Dividend yield (%)	0.4	0.6	0.6

Source: Company accounts/Investec Securities estimates

- Like for like turnover was up 13% to £5.52m, supported by self storage unit prices up 6.3%.
- Group EBITDA was up 18.2% and operating profit up 35.5%, both on a like for like basis, as the operational gearing of the model benefited.
- Adjusted NAV remained 270p. External revaluations are performed at year-ends but the Directors have stated that having consulted with valuers and based on market evidence both at the individual property level and at the corporate level, they consider self storage assets have remained resilient despite the downturn in property values generally.
- A first interim dividend of 0.33p has been proposed.
- Gearing was 39% at January 2008 (under new IFRS basis).
- The outlook statement is positive with management highlighting that the group has not experienced the turbulence seen in much of the property and financial markets throughout this reporting period. The business model remains a robust one with good operating margins, strong cash flow, and relatively low gearing backed by substantial property assets.
- We have taken a cautious view on sales in H2 given the economic background and converted our profit forecasts (see above) to IFRS (main change being increased depreciation of £0.3m in 2008E).
- The shares stand at a 34% discount to historic adjusted NAV (the basis of our unchanged price target) and, as such, we continue to believe they are ignoring both the current value of the portfolio and potential for growth.

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Investec acts as Broker and Advisor to Lok'nStore Group

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Lok'nStore Group

Quick Reaction

Definition of research ratings

	Expected 12m performance
Buy	Appreciation of 10% or more
Hold	Appreciation or depreciation of less than 10%
Sell	Depreciation of 10% or more

UK stock ratings distribution

	Coverage universe		Investment banking clients	
	Count	% of total	Count	% of total
Buy	113	55%	31	27%
Hold	73	35%	11	15%
Sell	21	10%	1	5%

Source: Investec Securities

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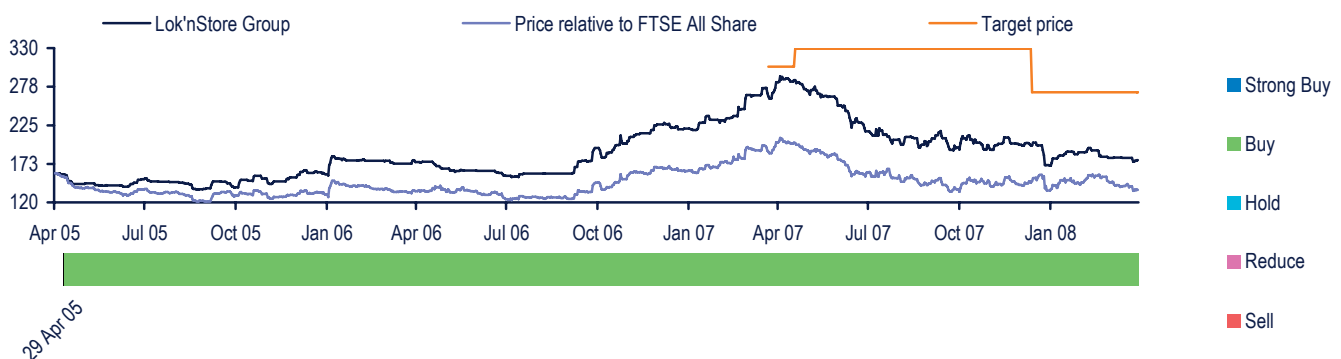
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Lok'nStore Group Ratings Plotter as at 28 Apr 08



Source: Investec Securities estimates, FactSet

Lok'nStore Group

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